The high price of credit is often a function not of the consumer’s high risk, but rather of the dynamics of reverse competition. In many consumer credit transactions, an auto dealer or other seller, a loan broker or some other party controls the consumer’s choice for credit and credit-related items such as credit insurance. Creditors, credit insurers, and others seeking to market these products will not do so by offering a competitively low price reflective of the consumer’s risk, but instead by competing to offer the greatest possible reward to the auto dealer, loan broker or other party controlling the consumer’s decision. Typically, they will compete as to who will offer the highest priced credit or credit product, so that there is the most amount of room above cost to reward the auto dealer, broker, or other third party. Where all creditors are subject to the same usury ceiling, creditors will compete just as aggressively for the dealer or broker’s business but within that ceiling, resulting in overall lower cost to the consumer.

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